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New York

1907

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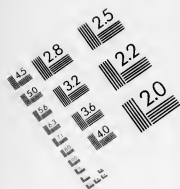
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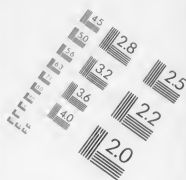
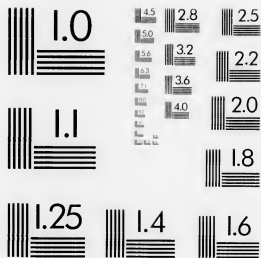
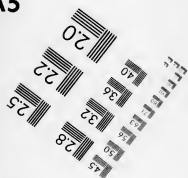
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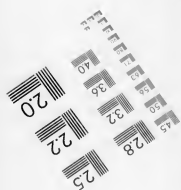
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# LABOUR AND CAPITAL

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GOLDWIN SMITH

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## LABOUR AND CAPITAL

### A LETTER TO A LABOUR FRIEND

BY

GOLDWIN SMITH, D.C.L.

New York

THE MACMILLAN COMPANY

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1907

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## PREFACE

A LETTER which appeared a short time ago under the title of "Progress or Revolution?" is here amplified, partly in view of some subsequent events.

428180



## LABOUR AND CAPITAL

MY LABOUR FRIEND,

All round the industrial horizon there are signs of continuing storm; and with industrial strife a good deal of social bitterness and class hatred is too evidently mingled. The outlook is threatening, not to industry and commerce only, but to the general relations between classes and even to the unity of the commonwealth.

Old age is proverbially conservative, though its interest in the present state of things is reduced. But I do not think my opinions or feelings have been greatly changed since, in England, I defended with my pen the Unions under the fire drawn on them by the Sheffield outrages and stood on the platform of the National Agricultural Union by the side of Joseph Arch. If a good Labour candidate has presented himself at an election, I have voted for him, ever mindful of Pym's saying:

"The best form of government is that which doth actuate and inspire every part and member of a state to the common good." With Louis Blanc, when he was in exile, I cultivated friendship and listened with sympathy, though I could not listen with agreement, to his advocacy of National Workshops. Were my old friend, Jacob Holyoake, whom I lost the other day, still alive, to his testimony also I might appeal.

I address you as my "Labour" Friend, but with a caution that the title, now happily honoured, almost privileged, belongs as much to those who labour with the brain as to those who labour with the hand. Labourers with the brain, as well as labourers with the hand, have their sufferings and their grievances, feel weariness, would like shorter hours, and are liable to being underpaid. Of the foremost among the intellectual benefactors of mankind not a few, in fact, have been greatly underpaid.

There is no denying that the wage-earning system applied to large works and great bodies of workmen has brought its evils and its perils. So has almost every great economical change;

departmental stores, for instance; which, while they retrench the expense of distribution by eliminating the middleman, kill the small store. In my boyhood I saw the sky in England red with the burning of threshing machines which, in the crisis of transition, were taking the bread from the threshers. The interest of the village weaver in his own work is lost. The sharp separation, industrial and social, between employer and employed is another evil attendant upon the introduction of production on the large scale.

It would be hard to require the employer to live in the smoke and din of his works. But the complete separation of dwellings and the absence of personal intercourse between the owner of the works and the men have probably contributed to estrangement. The factory-hand takes his Sunday stroll to the suburbs and sees, perhaps not with the most pleasant feeling, the mansion of the wealth which Karl Marx, or a disciple of Karl Marx, has told him ought to be his own. Often the master is a corporation. There is no help for this, but perhaps something might be done to soften

personal relations. Artisan villages under paternal care and regulation, such as Saltaire and Pullman, do not seem to have been successes. Saltaire was not; though I can answer for it, that all that benevolence could do was done. The people feel that they are not free. Would it be possible that each trade should have a standing conference with a joint representation of the two orders for the settlement of questions common to the interests of both? Would this, besides its direct purpose, serve to soften the general relation and render negotiation on points of difference less bitter? I have been told that there is in England an example of something of this kind.

Besides the natural forces, there are two factors in production: Capital and Labour. All that is not labour is capital. The labourer's outfit is capital. The fruits of money laid out in preparation for any skilled calling, as in training for a profession, are capital and entitled to share under that head. Capital specialized and spelled with a large letter has been erected into an industrial tyrant, the mortal enemy of labour. If capital could be

killed or scared away, in what condition can we suppose that labour would be left? Karl Marx, deriving his principle from William Thompson, maintains that all production is the fruit and the rightful property of labour alone. Let him put labour without any capital, with nothing but its bare sinews, on the most fertile land or amidst the richest mines and see what will be the result. The union of the two elements in production is as necessary as that of oxygen and hydrogen in the composition of water. Without capital we should be living in caves and grubbing up roots with our nails. Such in fact was the state of primitive man. The man who first stored up some roots was the first capitalist; and the man who first loaned some of his roots on condition of future repayment with addition was the first investor.

Labour, we are told, adds the value to the raw material. Undoubtedly it does, and it receives the price of the value added, in the form of wages, which are distributed by the equitable hand of Nature along the whole line of labourers, from the miner, say, to the artisan of the metal works, and from the grower of

cotton to the spinner; not excluding in either case the master by whom the works have been set up and by whose labour as manager and the distributor of their products they are carried on.

It surely cannot be imagined that this vast and varied edifice of civilization and this multitudinous march of human progress are entirely the work of the manual labourer and that the manual labourer is entitled to the whole. Are all the inventions due to manual labour? Did manual labour discover America?

It is not between capital and labour generally that the present war has broken out, but between the capitalist employing a body of workmen, and those whose wages he is supposed to determine. The chronic trouble is for the most part confined to aggregations of workmen in factories or mines. The agitation of rural labour in England under Joseph Arch seemed to subside when its victory had been won.

The capitalist, besides the money which he risks, contributes labour of an indispensable kind as organizer and director, and is entitled to payment for that labour as well as to the

interest on his capital. Labour is entitled to such wage as the capitalist, allowing for his risk, can afford to give. A strike is a legitimate engine for enforcing the concession of such a wage, though not for any exaction beyond. Further exaction must break the trade. The capital which the employer puts into the trade, you will observe, is not a thing alien to labour, but its accumulated fruit.

It has been questioned whether, if the employer increases his profit by adding to his risk of capital or by an improved policy, the fruit of his own brain, the wage-earner becomes thereby entitled to an increase of wages, supposing his part in the production to remain the same. The question is rather subtle, but the plain answer is that in this as in all cases wise policy as well as good feeling will lead the employer to give his men as much interest as possible in the prosperity of the concern. Want of inducement to improving effort on the part of the workman in the shape of a tangible reward is, it must be owned, a weakness in the factory system. He would be a great benefactor who could find the cure.

The labour contributed by the employer in the shape of direction is indispensable. Lack of direction appears to have been the cause of the ill-success of coöperative works fully as much as the lack of funds for their support while they are waiting on the market. Nor does the admission of the men to the councils of the firm appear to have been generally a success, as it was hoped it would. Besides lack of identity of interest, there seems to be too great a disparity of acquaintance with the calls of the market and the policy which they render necessary to the firm.

Apparently it can only be said in a general way that any manifestation of the employer's confidence in the men, anything that can help to create a sense of partnership, anything that can make the men feel more like human agents of production, less like hammers and spindles, could not fail to do some good.

It is urged that capital is a monopoly and as such controls wages. I fail to see how capital is a monopoly as a general fact, or otherwise than as skilled labour may be called a monopoly. At all events I do not understand how

the argument bears on the question of wages. Corners, which are seldom successful, can hardly affect that question. We do not hear that the wages of the Standard Oil Company are particularly low. The larger the business is, the more moderate will be the rate of profit required to pay the capitalist his due. The higher consequently will be the wage which he can afford to give.

There is nothing strange or invidious in treating labour as a commodity, the value, and consequently the wages, of which must be regulated by the market. This is the case with all labour, that of the statesman, the man of science, the writer, as well as that of the artisan; though the statesman, the man of science, and the writer may draw their wages in a different form. The right of an artisan to a living wage cannot be asserted unless value in labour can be given for the wage. Nor can the right to employment be asserted when no employment offers, in the case of an artisan any more than in that of a lawyer for whom there are no clients or a physician for whom there are no patients. Another market must be sought. This is the common lot.

The capitalist, it is important to observe, though the organizer, director, and paymaster, is not the real employer. The real employer is the purchaser of the goods, who cannot be forced by any strike or pressure to give more for the goods than he chooses and can afford. Carried beyond a certain point, therefore, pressure for an increased wage must either fail or break the trade.

That capital can be rapacious and unjust to those in its employ is too certain. It can be worse than rapacious and unjust, it can be terribly heartless and cruel. Proof of this may be read in the reports recording the treatment of children in factories and of men, women, and children in coal mines which horrified the British people and compelled the interference of the British Parliament. Men who were guilty of such things may have been humane and even amiable in other walks of life. The lust of gain hardened their hearts. One of the great mine-owners was a wealthy peer who deserved to be sent to work in his own mines. For self-defence on the part of the working-man there was in former days bitter need.

And there is need still. In marking the errors and successes of the industrial insurrection, we will not forget the injustice of the previous state of things. Nor will we forget that the Protectionist manufacturer is as truly a monopolist in his way as the artisan who tries to confine the right of labour to his union.

The masters are naturally combined in the effort to keep down wages. In England the men were formerly forbidden by law to combine. They had to negotiate singly with the employer, who had breakfasted, while they had not. Seven Devonshire labourers were sentenced to transportation for administering a combination oath. Liberalism coming into power in England repealed the Combination Laws. The Unions were formed and took the field for the rights of the employed. Manufacturing districts, where the employed were gathered in masses, were the chief field of Unionist effort. But the National Agricultural Union was formed and wisely guided to a peaceful victory by a leader whose practical motto was, as it ought to be that of us all, Peace with Justice.

Unquestionably a large measure of justice in the way of rectification of wages has been won by Unionist effort, though at a terrible sacrifice of peace as well as of money and of the products of labour. Yet a dispute about wages still threatens this continent with a deprivation of coal which would stop the wheels of manufacturing industry, besides bringing suffering into our homes.

Organizations formed for an aggressive purpose are naturally apt to fall into the hands of the most aggressive and least responsible section. There would be fewer strikes if the votes were always taken by ballot and every married man had two. There is also a danger of falling into the hands of aspiring leaders whose field is industrial war. This danger increases with the extension of the field, and still further when to leadership in industrial war is added leadership in political agitation, with the importance which it bestows and the prospects of advancement which it opens.

Power newly won and flushed with victory seldom stops exactly at the line of right. From enabling the wage-owner to treat on fair terms

with the employer, Unions seem now to be going on to create for themselves a monopoly of labour. To this the community never has submitted and never can submit. Freedom of labour is the rightful inheritance of every man and the vital interest of all. The defensive forces of the community are slow in gathering to resist usurpation. But they will gather at last, and when they do the end is certain. I see it announced, with apparent complacency, that a man has lost his trade and his livelihood, with that of his family, if he has one, because he sold goods without the Union label. What more oppressive could the master class in the time of its tyranny have done? A Union is a self-constituted power. If a man could be ruined by the edict of self-constituted power for doing that which the law sanctions him in doing, where would commercial liberty or the general principle of liberty be? No community can permit a self-constituted authority to arrogate to itself such powers beyond the law.

That age makes us conservative, I have owned. But apart from conservatism or lib-

eralism, there are principles of natural and civil right to which I should seem to myself utterly disloyal if I failed heartily to deprecate the use of violence, insult, persecution, or annoyance of any kind for the purpose of deterring any man from making his bread and that of his family by such honest calling as he may think fit, and under any employer that he may choose, or from making for that purpose a perfectly free use of all his powers. Persuasion is, in all its forms, of course, open to the promoters of Unionism, and it surely has a good text in the advantages of union, which are by no means confined to the mere question of wages, but may extend to all the common rights and general relations of the members. Refusal to work with non-union men is undeniably lawful, though far from kind. One man's labour is worth more than that of another in the same craft, and every man has a right to work for the wage, be it high or low, that his labour is worth. To fix a rate of wage and say that no man shall be allowed to work for less, thus debarring from work all the value of those whose labour is not up to that arbitrary mark, would

manifestly be unreasonable and unjust. Are any of the "unemployed" who are crying in British streets for work and bread the victims of such arbitrary regulations? Might it be practicable for the Unions to keep themselves clear of any wrong-doing of this kind by grading labour?

Society is revolting against trusts and combines. Use of political power to enforce a great monopoly of labour is surely what it cannot be expected to bear.

Strikers should remember that they are consumers as well as producers, buyers as well as makers. A striker in exacting increased wages makes the article dear to his own class as well as to the other classes. He may raise the price of his own product to himself. The long strike of the building trade in Toronto seems to have raised the price of artisan dwellings.

Labour, if it is tempted to be unmeasured in its demands, will do well to bear it in mind that formidable competition may be coming on the scene. In China there is a highly industrial population reckoned at four hundred



millions to which these troubles apparently are unknown, whose labour is steady and reliable. The influence may not be directly felt, though China and Japan are gaining a footing on the western coast of America. But it is pretty sure to work round. Besides, capital has wings. Nor will mechanical invention sleep.

Desire of shorter hours of work is natural on the part of the artisan and would not be less natural in other callings, which also feel fatigue. Nor is it at all unlikely that in callings which tax the strength, the work of eight hours may be worth as much as that of ten. Improvement in this line has been already made. Every man may shorten his hours of work if he thinks fit; but no man can expect or in the end will have power to draw pay for work which is not done. In lands where socialism prevails Unions seem inclined to vote themselves more and more freedom from work and leisure for sport at the expense of what is called "the State"; that is practically the tax-payer or the class of tax-payers which has most money and fewest votes. It is impossible that to progress in this direction there should not

be an end. The over-taxed class will disappear. That if less work is done, there will be less in the aggregate to be sold and to pay wages, needs no showing.

The State is constantly invoked as a sort of Supreme Being with paternal duties and a fund of its own for their fulfilment, while in reality it is either a mere abstraction or nothing but the government of the day, without any fund for its paternal bounty but that which it draws by taxation from the community and on which no class can have a special claim.

We were told to look for the cure of industrial war and the end of strikes in judicial arbitration. The result appears to have been disappointing. It seems impossible for a court to forecast the changes of the market on which the value of labour and the just rate of payment for it must depend. While the market is rising and the court has only to register the fair demand for a proportionate rise in wages, to which the employer readily consents, all goes well. But when a fall in the market calls for a reduction of wages, trouble, it would seem, is sure to begin. Can any court by its award

compel the employer to carry on business at a loss, or the artisan to go on working for less wages than he could get elsewhere? Has there been any clear case of practical enforcement of such an award? Mediation may, of course, be useful in bringing disputants together and inducing reflection on both sides. The famous agreement between the coal-owners and the men appears not to have been a case of arbitration, properly speaking, but of mediation, though brought about and morally enforced by public opinion. It was not the award of a court of law.

There has seemed to me sometimes to be a needless air of peremptoriness in the demands for increase of wages or other terms, and generally a needless air of mistrust and hostility toward employers which must enhance the difficulty of concession. The best of tempers can hardly fail to be tried by the intrusion of a walking delegate. Why aggravate by discourtesy the perils of the industrial situation? Capital and Labour must settle down in harmony at last, or both must be ruined.

Earnestly to be deprecated is the habit of

giving the question of employer and employed the aspect of a war between classes and representing the artisan as "a slave" ground down by the tyranny of the class above him. No one in his cooler moments can believe that a man who is perfectly at liberty to dispose of his own labour and has full political rights is a slave.

Progress surely there has been, and its pace has been greatly quickened during the last three generations, notably in what concerns the position and welfare of the wage-earning class. Wages have risen, while improvements in production and increased facilities of traffic have added greatly to their purchasing range and power. Education has been made free to the people in England and elsewhere. Class legislation, such as the Combination Law, has been swept away; with it has gone the class iniquity of the old penal code. Factory laws, mining laws, and other laws for the protection of the labourer's life, health, and interest, have been passed. Philanthropy has been active in providing means of health and enjoyment, such as public parks, and the facilities for innocent

pleasure have largely increased. The political franchise has been extended to the artisan, who is no longer a ward of the State, suing to it for paternal care and protection, but is a part of the State himself. "Labour" has become a title of distinction. Unionism has had its share in this, but so assuredly have good feeling and the sense of duty in other quarters.

Greater way would have been made but for wars and protective tariffs, of neither of which can the artisan say that he has himself been entireless guiltless. Artisans not a few in England voted for the Boer War; and the Alien Labour Laws and the Manufacturing Clause of the American Copyright Act are due to the pressure of the same class.

The existence of misery on a terrible scale cannot be denied, and must touch the heart of any man who has studied the history of his kind. We can only trust that this is not the end. But even as things are, there seems reason to hope that the inequality of happiness is not nearly so great as the inequality of wealth. Wealth cannot command health, peace of mind, or domestic affection. **A**

mechanic skilled in his work and taking pride in his skill, earning good wages and owning his home, with a loving family round him, is, we may fairly hope, a happy man; not less happy perhaps than the owner of millions.

In estimating the rate of progress, we have to allow for an immense, in some cases reckless, increase of population, as well as for the retarding influence of human faults and vices which have not been confined to the moneyed class.

The author of "Progress and Poverty" assumes that poverty has increased with progress. He wrote in the country in which the progress has been the greatest and the poverty least.

Popular education, also, it must be admitted, has increased sensibility to social disadvantage and generated distaste for manual labour. Distaste for manual labour is becoming dangerous. But this is the attendant shadow of what all the world counts a blessing and a gain.

It might probably be said that the envy naturally kindled in the poorer orders by the

nearer view of the enjoyment of wealth given them through the increase of their intelligence and information is an ingredient in the present discontent. The perception of the evil may be clearer and keener, yet the grievance itself may be, and surely is, in this case, less.

It ill becomes those who are living in the enjoyment of opulence to preach prudence and self-denial to those who are not. The grinding monotony of factory work, making of the worker a mere part of the machine, with its unlovely surroundings, inevitably disposes to expenditure on sensual pleasures and excitements. But there is little doubt that wages might be practically increased in many cases by thrift and judicious expenditure on the part of the earner. When we are told of miners paying extravagant prices for rare viands, or of a multitude of artisans going hundreds of miles to see a football match, we allow for the natural craving on the part of men bound to a rough trade like mining for the gratification of the appetite, and of men bound to a dull and monotonous trade for excitement. But neither class is laying up ease and comfort for old age.

Unionism is not Socialism. The two things are perfectly distinct, though apt to be found together as elements of the general ferment and alike significant of the growing disposition of the wage-earner to use his political power for the purpose of transferring wealth from the hands of the present possessors into his own. Socialism if it prevailed would put an end to Trade Unions.

Socialism is a natural growth; and, so far as it has abstained from revolutionary methods or incitements to violence, may have been not only deserving of sympathy but useful as a stimulant to us all. There has been a succession of Utopian visions from Plato to Sir Thomas More, and from Sir Thomas More to Bulwer and Bellamy. We have had socialistic experiments. Those set on foot or originated by the excellent Robert Owen failed mainly, it seems, through the disintegrating action of the family on the community. Celibate communities under a religious dictator, such as the Oneida Community, had a transitory success in their peculiar way, but taught us nothing. There has been a variety of so-

cialist organizations: Saint-Simonians, Fourierists, Icarians, differing from each other in their plans of universal regeneration, holding together in themselves for the destructive process, but when it came to the constructive, splitting and passing away. The last-born of the series, Nihilism, by its name proclaims itself destructive and has been presenting impressive proof of its character.

This is manifestly an imperfect world, recognizable as the work of omnipotent beneficence only in so far as it may be tending toward a goal. No man not devoid of sensibility can have failed to reflect with sadness on the terrible inequalities of the human lot. Why is the life of one man a life of opulence, ease, and refinement, that of another man so sadly the reverse? Why are the gifts of nature, health, strength, brain power, good looks, long life, so unequally bestowed? Why is one man born in a civilized and happy, another in a barbarous and unhappy age? There is not only "something," but a good deal, in the world that is "amiss," and may, and we hope will, be "unriddled by and by." Meantime,

the cottage, so long as it has bread and domestic affection, might, if it could look into the mansion, see that which would help to reconcile it to its lot.

The sharp line between rich and poor, on which so much revolutionary rhetoric is founded, has at our stage of civilization no real existence. Many of the people classed as "rich" by the spokesmen of labour, because they are not mechanics, are, considering the necessities of their social position, in reality poor. The municipal demagogue who promises to take the taxes off the poor and put them on the rich is undertaking to lay fresh burdens on many people who are already struggling with want. The millionaire feels the increase of a municipal tax comparatively little. A professional man or tradesman struggling with difficulties feels it much, and it is at the special expense of these people that the demagogue's bribe is paid.

By this impression about classes labour organizations are led to put themselves outside the community and avow that they hold and will use their political powers in the inter-

est of their own class alone. Thus to put ourselves out of the community is to make ourselves political and social outlaws. What hope is there of general progress but in common effort for the common weal?

That a monopoly of all wealth has been usurped by a class which may rightfully be despoiled of its prey, once more is an angry dream. Social history tells of no such usurpation; though aristocracies created by conquest have for the time partitioned the land. The present state of things, with all its inequalities, deplorable as they sometimes are, has been evolved by a gradual process in which varieties of opportunity and capacity have played the greatest part. In industrial and commercial communities there is, in fact, no such sharp division of classes as to give one class a pretence for making war upon the other. Of the millionnaires who are the special objects of hostility it would probably be found that far the greater number, in the United States at least, had sprung from that which fancies itself the despoiled and down-trodden class.

For opposition on the part of the class

which he hates and seeks to despoil, the leveler must be prepared. Nor would the opposition be merely that of class-interest. Levelling, it would seem, must be the end of progress for all. It would be at once the end of trades which supply the special demands of the moneyed class and of the livelihoods of the artisans of those trades.

Socialism has never told us distinctly, if it has tried to tell us at all, what its form of government is to be. Can it devise a government which shall hold all the instruments of production, distribute our industrial parts, regulate our remuneration, yet leave us free? Without freedom and personal choice of callings, how could there be progress, how could there be invention, how could there be dedication to intellectual pursuits? Can the government pick out inventors, scientific discoverers, philosophers, men of letters, artists, set them to work and assign them their rewards? By what standard will it measure remuneration? The products of manual labour it might conceivably measure; but apparently those alone.

Nor is there anything to show us plainly

that the revolution would be made universal or that unless it could be made universal it would be a complete success. Suppose one or two nations were to hold out for the principle of private property, declaring themselves the refuge of honest earnings and savings from confiscation; is it not possible that these nations might become the greatest seats of wealth and commercial progress in the world?

There is no use in applying to a whole class epithets of abuse which only the worst members of it can deserve. There is no use in saying that any set of men have been "stealing from another set their right to health, home, and happiness." This is not the road to reform, it is the road to class-hatred, which indeed some of the most violent Socialists do not shrink from avowing; it is the road to social strife; it is the road, if an attempt is made to despoil and destroy a powerful class, to civil war.

The inequality of wealth is aggravated at present both in its economical and moral aspect by the accumulation of enormous fortunes. Unquestionably this is an evil. But may it not turn out a transient evil attending vast

speculations in great works and enterprises, in themselves fruitful of good to the world at large? Mr. Brassey, that model of a captain of industry, made a fortune of several millions sterling; but he made it by a moderate gain on all his ventures, and by the extension of the means of international communications he conferred a great benefit in more ways than one upon the world. The evil is partly balanced by large benefactions to public institutions. The worst, as a rule, is not the millionaire, but his heir, often an idle sybarite, who is a disgrace, and now, when the rumblings of social earthquake are heard, a serious danger, to society.

Proposals to forfeit to the State fortunes immorally made require for their safe application an infallible test of morality. The attempt would otherwise result in sweeping confiscation, which perhaps in truth is what some of its advocates desire; and the end would be general insecurity of property, with the inevitable consequences to enterprise and production. If gains are to be forfeited, losses must be made good, or investment will cease. A millionaire,

however, if he has a social conscience, may hesitate before he bequeaths powers of great social mischief to his idle and profligate son.

As to the brood of financial brigands, generated in an age of the greed attending vast speculations, it is to be hoped that public justice is on their track. But public justice to be effectual must be impartial. There will be no reform if, while the common thief goes to jail, the thief the extent of whose marauding and whose guilt are far above the common, can be received again into society and even welcomed back to his seat in the Senate.

That wealth or accumulated wealth is in itself an evil, let cynics or poets say what they may, will hardly be said by any one who asks himself how without wealth and accumulated wealth there could have been any great undertaking, it might almost be said, beyond mere self-sustenance, any undertaking at all.

The heirs of wealth, on the other hand, if they tender their own safety in these troublous times, will try to make their privileges less invidious, at the same time elevating themselves and enhancing their enjoyment, as they would,

by mingling with the cup of pleasure some drops at least of social duty. Let the owner of wealth which he has not earned count it wages for service due from him to the community. He will find happiness in so doing.

In its industrial aspect Socialism apparently aims at casting industry in a new mould, substituting coöperation for competition, putting an end to wage-earning, making over all the instruments of production to the State for the benefit of those who are now the wage-earners, and according to one version of the doctrine giving to each man, not according to his work, but according to his needs.

Under such a system, the State owning all instruments of production, instead of there being an end of wage-earning, all the world would be practically wage-earners, while saving, indispensable to the increase of production, would apparently cease.

Let our industrial Socialist friends figure to themselves and explain to us the process of taking all the instruments of production, which apparently would include tools, out of the hands in which they at present are and trans-



ferring them to the State. Let them tell us at the same time what their "State" is, how it would differ from a government more despotic than any government has ever been.

In the employers, organizers, and directors of labour in its various spheres, including communication by land and sea, the world has a skilled staff on a vast scale. When all the instruments of production are transferred, simultaneously, it would seem, to the socialist organization, how would that staff be replaced?

Competition, of which the ardent Communist hopes to get rid, has no doubt its harsh aspect, and we should be glad to change it for universal coöperation. But it has been hitherto and so far as we can see is likely to remain the indispensable spur. After all, there is more of coöperation already than we commonly suppose. Let the Communist take any manufactured article and trace out, as far as thought will go, the industries which, in various ways, and in different parts of the world, have contributed to its production, including the making of machinery, ship-building, and all the employments and branches of trade ancillary to these; let him

consider how, by the operation of economic law, under the system of industrial liberty, the price, it may be a single penny, is distributed justly among all these industries, and then let him ask himself whether his government or his group of governments is likely to do better than nature.

Coöperative stores in England have been a splendid success, and a success unalloyed by strife or antagonism of any kind, so that they form an exceptionally pleasant incident in the chequered course of industrial evolution. But they are founded on no new principle, so far as economical laws are concerned. They buy goods and hire service in the cheapest and best market, recognizing thereby the ordinary principle of competition.

Something of a socialistic sentiment perhaps enters into the sudden passion for objects in themselves not novel or connected with social revolution, such as public ownership of public utilities: railroads, street cars, telegraphs, and electric powers. These cases differ not in principle from those of post-offices or water-works. To extension in this direction there is no limit of principle. The only limits are that

of confidence in the trustworthiness of the governments, general or municipal, and that of respect for the rights of those who have been allowed to invest their capital under the protection of the law and disregard of whose rights would be public rapine. It is not necessary here to go into the question of municipal enterprise or to present the financial condition into which, by the prevailing fashion, British cities have been led, and which is now creating a reaction against the Progressist party.

We have had some more limited schemes of magical improvement on which it is needless here to dwell. One reformer proposed to turn all private holders of land, even those who have recently purchased from the State, out of their freeholds and restore the title of nature; a rather alarming undertaking, considering the chance of resistance, to say nothing of the injustice; while it does not appear by whom the land is thenceforth to be reclaimed and tilled. Others have proposed to make us rich by the issue of an unlimited amount of paper currency, which they take for money. They fail to see that a paper dollar is not

money but a promissory note, payable by the bank of issue, at which, when the note changes hands, gold passes from the credit of the giver to that of the taker. But both nationalization of land and paper currency have fallen probably into a long sleep.

Mr. Henry George, if words have their ordinary meaning, preached abolition of private property in land and resumption of the land by the State.<sup>1</sup> His disciples have come down to preaching the Single Tax; that is, throwing upon the land the whole burden of taxation. The equity of this proposal it seems difficult to discern, considering that of all kinds of property land seems least to require the protection of the government for the maintenance of which taxes are raised, since it cannot, like other kinds of property, be stolen or destroyed. Does equity really demand that a cottage with a curtilage should pay, while a palace or a sky-

<sup>1</sup> It is curious that any doubt about Mr. Henry George's theory should have been expressed. "The truth is, and from this truth there can be no escape, that there is and can be no just title to an exclusive possession of the soil; and that private property in land is a bold, bare, enormous wrong, like that of chattel slavery." — *Progress and Poverty*, Book VII, chapter iii.

scraper escapes? Or is equity to be banished from the relations between the tax-payer and the government? The advocates of Single Tax seem to direct their attention exclusively to land not built upon in cities, whereas the existence of such land, as it gives a breathing space, besides keeping a reserve of ground for future growth, might be thought rather beneficial. It seems likely, however, that in this case motives other than economical may bear a part.

It is true that peculiar responsibility attaches to large property in land. It is true also that very large estates, such as those which in England grew out of the confiscations of the Abbey land by Henry VIII and his donations to his courtiers, are an evil, and the evil is increased if the same man holds estates in different parts of the country. Entails of land also are an evil. Land-ownership on a large scale involves duties, and the large land-owner who merely draws rent burdens the community. But large land-ownership within bounds is not necessarily evil. It has helped improvement, as did the estate of Coke of Norfolk in England and that of the Duc de Rochefou-

cauld was doing in France when it was overtaken by the storm of the Revolution. To improvement, insecurity of tenure, whether produced by a statutory claim of the State, as in New Zealand, or from any other cause, can hardly fail to be a bar.

What we all want of the land is that it shall produce bread, and the universal experience of the world has pronounced that land produces most bread when private ownership speeds the plough. Tenancy is a share in private ownership under the same legal guarantee as free-hold.

Human society in its general structure and features appears to be an ordinance of nature, and while it is capable of gradual improvement, far beyond our present ken, not capable of sudden and violent transformation.

The French Revolution, however volcanic, was not socialist or communist but political. It formally recognized private property. Its political object has in a measure been gained, though at a price which should warn us against hasty resort to violent revolution. The other element showed its character in the terrible Days of June and the more terrible war of the Com-

mune. The relations between the capitalist and the wage-earner in France do not seem to have been much improved. There are still strikes and sometimes outbreaks of violence.

It would seem, then, that there is something to be said for acquiescing, provisionally at least, in our industrial system, based as it is on the general relation between capital and labour, and trying to continue the improvement of that relation in a peaceful way, without class war and havoc. Progress, in a word, seems more hopeful than revolution. When the socialist ideal, perfect brotherhood, is realized, there will be social happiness compared with which the highest pleasure attainable in this world of inequality, strife, and self-interest would be mean; but all the attempts to rush into that state have proved failures, some of them much worse. It is conceivable, let us hope not unlikely, that all who contribute to progress may be destined in some way to share its ultimate fruits; but there is no leaping into the millennium.

Yours faithfully,

*Goldwin Smith*

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